

IMPORTANT NOTICES

General

1. Applications are due in the Program Management Office on **February 13, 2004**. If hand-delivered to the office, they must be brought in on February 13, 2004 before 4:30 p.m. (CST). A postmark of February 13, 2004 is not acceptable. They must be received in our office on February 13, 2004. Applications must be complete as no additional required application material will be accepted after the deadline. However, we reserve the right to ask for additional information.
2. All projects through '03 must have their final request for payment, including supporting documentation, budget revisions and change orders, to ECD by **January 30, 2004**.

The economic development projects will not count against the drawdown restrictions.
3. Close-out reports for previous projects must be submitted to ECD by **March 12, 2004**.

Please note you must meet all three dates for your application to be eligible.
4. One application is allowed per eligible governmental unit including metro governments. There is a grant ceiling of \$500,000. In the Community Livability category, the ceiling is \$300,000. Regional projects are eligible for \$1,000,000. Maximum regular round grant for two consecutive years is \$750,000. However, there is not a maximum industrial grant amount for two consecutive years.
5. For an application to be considered in the Housing category, all activities in the application should be directly related to housing.
6. The Department of Economic and Community Development does not set aside funds for overruns. Estimate project cost carefully.
7. We suggest that if you are resubmitting an application, that you contact Program Management to discuss possible improvements to that application before it is resubmitted.
8. Local governments are required to hold two public meetings. These meetings must be advertised in the local newspaper at least one week prior to the date of the meeting. The advertisement must contain a statement of nondiscrimination and the name of a contact person for special accommodation required for persons with disabilities. All meeting places must be accessible to persons with disabilities.

The first meeting is designed to solicit information about community needs and how CDBG funds can best address those needs. This meeting is required even if the application was submitted last year. To ensure compliance with TITLE VI of the CIVIL RIGHTS ACT of 1964, applicants must make an additional effort to secure minority participation in this process. A summary of those efforts

and a sign in sheet indicating the race of everyone attending the meeting as evidence of the response to the notice must be included in the application. Communities are required to present information about what activities are eligible, how much money is available, and what kinds of projects are being considered. **This meeting must be conducted 30 days before the application due date. (Final date to have is January 13, 2004.)**

The second meeting to discuss the accomplishments of the project occurs after the project is completed.

9. Ability-To-Pay

Ability-to-pay for user financed projects will be based on per capita income. Ability-to-pay for tax-based funded projects will be based on per capita income, taxable sales, and taxable property values. There are separate grant rates for municipalities, county aggregate, and rural areas of counties.

For county applications where 75% of the beneficiaries are located in the county, use the county rural rate.

For county applications where 75% of the beneficiaries are located in an incorporated area, use the city rate.

For county applications that do not have 75% of the beneficiaries located in either the county or city, use the county aggregate rate.

For city applications, use the city rate.

Grant rates range from 70 to 100 percent for community development projects.

10. Appropriate Applicant

a. County may apply for any project within the county.

b. City applicants must provide the services or have a **majority** of the beneficiaries.

The objective is that the applicant should bear some logical relationship to the service area. If your project deviates from a or b, contact Program Management for a determination of eligibility.

National Objectives

11. An application must meet one of the three following National Objectives:

- a. Principally benefit persons of low and moderate income
- b. Elimination and prevention of slums and blight
- c. Elimination of conditions detrimental to health, safety or public welfare

12. The target area survey documenting the low and moderate income benefit must be random in order to have an eligible application under the LMI National Objective. Surveys conducted for 2002 and 2003 applications are acceptable for system wide projects. They must be compared to the new LMI threshold figures. Water lines, sewer lines and housing projects can use the surveys conducted for 2003 applications if it is the exact application and no changes in the target area are proposed. You must use the ECD form and randomness information in this application packet. If your survey method is not specifically discussed in the survey procedures information presented in the application packet, please call Paula Lovett to discuss the survey method you wish to use. Survey methods that are not described in the application information or are not pre-approved by Program Management may be considered unacceptable for the application process.

Census data is acceptable and is contained in this application packet.

The LMI income threshold figures dated February 1, 2003 must be used to determine LMI%. The response rates shown in the application are the ones to be used. A response rate of 100% is required for line extension projects.

13. For multi-target area line extension projects, each individual target area must have a response rate of 100% and meet the 51% LMI income threshold.
14. The Target Area Survey should be used to calculate target area per capita income for the community need score. Instructions for calculating per capita income from the target area survey are included in the application packet.
15. To submit a project under the national objective of the elimination of Slums/Blight on an area basis, an activity must meet all of the following criteria:
- a. The area must be designated by the grantee and must meet a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;
 - b. There must be a substantial number of deteriorated or deteriorating buildings or public improvements throughout the area. As a "safe harbor," ECD will consider this criteria to have been met if either of the following conditions prevail in the area:
 - 1. If State law does not specifically indicate the percentage of deteriorated or deteriorating buildings required to qualify the area, then at least one quarter of all the buildings in the area must be in a state of deterioration; or,
 - 2. Public improvements throughout the area are in a general state of deterioration.

It is insufficient for only one type of public improvement, such as a sewer system, to be in a state of deterioration; rather, the public improvements taken as a whole must clearly exhibit signs of deterioration.
 - c. Documentation must be maintained by the grantee on the boundaries of the area and the condition which qualified the area at the time of its designation;
 - d. The activity must address one or more of the conditions which contributed to the deterioration of the area.

If submitting a project under Slums/Blight, this information should to be submitted to ECD by December 5, 2003 so that if Slums/Blight is not approved, there will still be time to complete a target area survey for regular round consideration.

16. To submit a project under the national objective of urgent need (or imminent threat), the following information must be provided:
 - a. Nature of problem/documentation;
 - b. How long problem has existed;
 - c. Explanation of why this problem is now so critical;
 - d. Any previous measures undertaken to correct problem;
 - e. Alternatives;
 - f. Projected date that problem must be corrected;
 - g. Why local and other funds are not available to correct the problem.

Imminent threat problems must be unique, unforeseen, and have developed to a critical stage in the last 18 months. Their continuation must represent a serious threat of loss of life.

The information will be reviewed and a written determination will be made whether or not it meets the imminent threat national objective.

Applications for imminent threat projects may be submitted at any time. The regular round threshold requirements will not count against the submittal of an application.

Line Extensions

17. Line Extension Projects
 - a. A 100 percent survey is required including owners and current tenants of rental houses in the target area. Questions 13 and 14 on the Target Area Survey must be completed for the survey to count.
 - b. All low and moderate income households must be provided free water/sewer service. This includes tap fees, service lines and connection charges.
 - c. If the property is rental and the homeowner is low and moderate income then free service lines, taps and connections must be provided. The renter counts as the beneficiary.
 - d. If the property is rental and the property owner is high income and pays for the service, then the renter can be counted as the beneficiary.
 - e. People who only live in their house seasonally and receive service will count as beneficiaries. A survey or household verification form must be on file for each of these households.
 - f. If the seasonal homeowner is a low and moderate income person, he is still entitled to free service. This includes tap fees, service lines and connection charges.

- g. If a household does not want the service, do not count the residents as beneficiaries. However, if hook-up to the sewer system is mandatory and legally enforceable, include a signed statement from the chief elected official plus a copy of the local ordinance and count all households in the designated area as beneficiaries.
- h. Dry taps for purposes other than household use are not counted as beneficiaries. Dry taps for LMI are not paid for by CDBG funds.
- i. The service must be run to the interior of the house, and must be utilized for domestic purposes. If service is not put in the house, then the house is not counted as a beneficiary.
- j. If the service lines and connection charges are to be part of the construction bid, they must be included on the bid form.
- k. If the service lines and connection charges for LMI are not going to be part of the construction bid, then approval from ECD must be obtained for the method of installation.

18. Water Line Extensions

- a. All water quality sampling for bacteria and minerals must be random and be collected by a qualified person. A qualified person is defined as anyone certified by the Tennessee Department of Environment and Conservation Board of Certification as a water operator, a local environmental specialist or a person employed by a water utility that has at least one year of experience in collecting water samples. A **letter** from the person collecting the water quality samples must be in the application and include:
 - Number of samples collected for bacteria and/or mineral testing
 - Date collected
 - Date delivered to lab
 - Name of testing lab
 - Signature and title of sample collector
 - License Number of the sample collector
- b. The samples must be sent to the lab within 24 hours of collection.
- c. All water quality testing must be done by a **State** approved lab. A list of approved labs is included in the application packet.
- d. If the collection and testing for bacteria and minerals are not done by a qualified person and approved lab, the applicant will receive zero points in project need in the water category for bacteria and minerals.
- e. Requirement for the maximum number of mineral tests is 10% of the number of houses in the target area. The minimum sampling is 2% of the houses in the target area. The tests must be random within the target area.
- f. Requirements for the maximum number of bacteria tests is 35% of the number of houses in the target area. The minimum sampling is 10% of the houses in the target area. The tests must be random within the target area.
- g. Samples must be taken from an occupied house. The residents must have completed a target area survey and agreed to connect to the service (answered yes to questions 13 and 14). Otherwise the test does not count.
- h. If your project involves a supply problem, then questions 15 and 16 of the target area survey must be completed.

- i. The applicant will receive zero points in project need in the water category for bacteria and minerals if the test results are not submitted with the application on February 13, 2004.
- j. All sampling must be random or applicant will receive zero (0) project need points.
- k. Test results completed for 2003 applications are acceptable. Test results older than a year will not be accepted.
- l. Bacteria sampling must occur at the house.
- m. Mineral sampling must occur at the source.
- n. You must choose only one problem to document for the project.

19. Sewer Line Extensions

- a. The testing for septic tank failure rates for sewer line extension projects must be done by the Tennessee Department of Environment and Conservation. 100% of the houses must be tested with the results reported on the form RDA 2403, which is included in the application packet. This form is to be completed by the Department of Environment and Conservation and they request that they be given 2 to 3 months notice to do the surveys. These survey forms should directly correspond with the Target Area Surveys and the map/survey forms. **Graywater alone does not count as a failure.**
- b. For a sewer line extension project, if a community has a local ordinance requiring mandatory hook-up, please include it in the appendix of the application. Also include a letter from the chief elected official which states that the ordinance will be enforced.

Water Systems

20. If you are considering submitting an application for improving a water system, you need to complete the "existing facility inventory" form in the application. This information will help us evaluate the current system for problems.

What is the problem with the system?

Water loss	This is generally considered a problem if the amount of water loss is greater than 10 percent (this amount is usually explained by flushing lines, cleaning filters, fire protection, etc.).
Water storage	The Water Quality Division of Environment and Conservation requires storage capacity equal to 24 hours of water demand.
Capacity	Is the facility (plant, source, etc.) capable of providing sufficient water to meet the community's demand?
Pressure	The Water Quality Division of Environment and Conservation requires static pressure scores of 20 psi or greater to meet their specification. Pressure readings must be taken at residential meters and recorded as static readings. (DO NOT USE RESIDUAL READINGS TAKEN INSIDE OR OUTSIDE THE HOUSE.) After reviewing the pressure readings, determine if the problem is system wide or confined to one area.

Other All problems not fitting within these four categories will be considered a quality problem.

You can now evaluate the water system and prepare the application addressing the worst problem. Be specific. Check all numbers with Bill Hench and remember the data in his office will take priority over the information in the utility district office. Provide all documentation that pertains to this problem, including any recommendations from the regional field offices of Environment and Conservation.

For water distribution projects documenting inadequate pressure, project need will be evaluated in terms of the percentage of residential hookups with measured pressures below 20 PSI. All pressure readings must be taken by an engineer or qualified person (as defined in 18a). The readings must be made at residential meters and recorded as static readings. The tests must be random within the target area or system. A letter from the person conducting the pressure readings must include:

- a. Address, date, and time of each pressure reading
- b. Statement that pressure readings were taken under normal system operating conditions
- c. Signature, title, and if certified, the certification status (including license number) of person conducting the pressure readings

Sewer Systems

- 21. A city/county who has never had sewer collection and/or sewer treatment in their community must provide the following information:
 - a. A Target Area Income Survey from every house being connected to the collection system (100% survey),
 - b. Proposed Sewer Use Ordinance (SUO) and a statement from mayor/county executive that the ordinance will be enforced,
 - c. Explanation of how monthly sewer fees will be billed, collected and enforced,
 - d. Signed agreements (if applicable) from all parties providing sewer collection, sewer treatment, maintenance of lines and plant and detailed information on how these items will be handled.

22. Priority List

Any community wishing to apply for a CDBG grant for any type of sewer system improvement must be on the 2003-2004 Division of Community Service priority list.

Requests for addition to the 2003-2004 priority list may be submitted to TDEC at any time. **In order to meet the 2004 CDBG application deadline, these requests must be submitted no later than January 5, 2004.** For more information about this process contact:

Sam Gaddipati
Division of Community Services
401 Church Street, 8th Floor
Nashville, Tennessee 37243-1533
(615) 532-0445

In your request, give a description of your problem, documentation of the problem (if you have support materials) and the contact person who can discuss the project.

Also submit a copy of the letter to Paula Lovett.